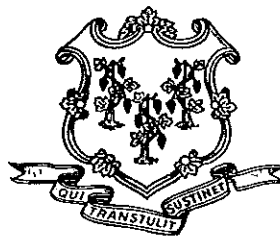


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Good afternoon Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee. I am here to testify in support of SB 249 AN ACT PROMOTING RETIREMENT SAVINGS and SB 317 AN ACT CONCERNING EMPLOYEE PRIVACY.

As our citizens approach retirement far too many of them rely solely on Social Security as retirement income. In truth, while Social Security has lifted many senior citizens out of abject poverty, it does not in fact provide a decent living for those with no other source of retirement income. This problem will become one of extraordinary urgency as more and more children of the baby boom reach retirement age. According to a 2012 op-ed in the Hartford Courant the percentage of private sector Connecticut employees whose employers offer a retirement plan has fallen from 68% in 2001 to 58% in 2012. The three legged stool (employer-provided pensions, Social Security and personal savings) is losing one leg.

In order to address this looming crisis, California enacted the California Retirement Investment Savings Plan which will create a supplemental retirement savings plan for private sector workers who do not have access to retirement plans through their employer.

The California plan consists of voluntary contributions from employees which will be deposited into a professionally-managed retirement fund. All workers will be provided the chance to enroll in a retirement savings program which unlike in employer-sponsored retirement plans such as 401(k)s, employers would not bear any fiduciary responsibility and would not be required to pay administrative fees. The program is designed to be self-sustaining and low-risk due to the modest rate of return (likely tied to the 30-year Treasury-bond rate) and long investment horizon. In addition, the state would have zero-liability due to the requirement that the Board secure private underwriting and reinsurance to protect the returns earned by program participants.

President Obama recently unveiled a more limited federally administered government retirement program for private sector workers, MyRA. MyRA is a great start but without Congressional action, it is limited in scope. Under MyRA, workers can invest after tax dollars with a guaranteed return. However, once the account reaches \$15,000 it has to be rolled over into a conventional IRA. The plan does make good sense; once a person has \$15,000 to invest, there are options to invest in plans such as Roth IRAs without fees. The plan is an excellent addition to the retirement landscape, but it is not sufficient.

Many Connecticut citizens whose employers do not offer retirement plans are moderate income workers who are most in need of income beyond Social Security. I believe that Connecticut would be well served by creating a program similar to that in California to address retirement security. In addition, most workers of moderate income do not have the option of setting aside significant amounts in personal retirement savings since their earnings and ordinary expenses barely balance. Under this proposal, employees would be able to contribute to the plan via payroll deduction and receive a guaranteed return. Several studies have shown that employees are far more likely to contribute to retirement savings if payroll deduction is an option. This would be a step towards rebuilding the third leg of the stool. If we wait, we will be forced to address a retirement security crisis; the outcome will be better if we make a plan now.

SB 317 would offer privacy protection for employees and potential employees from employers who seek access to their private on-line information. This bill would prohibit an employer from requesting or requiring an employee or job applicant to provide the employer with his or her password or other access to personal on-line accounts. It also bans an employer from firing, disciplining, or otherwise penalizing or retaliating against an employee or applicant who refuses to provide this information or who files a complaint against an employer who makes such a demand or request. This bill represents basic privacy protection that all employees certainly deserve.

Thank you for raising bills on these important issues.